

# Exploring the World of Women-Owned DBE Firms

**Dianne H. Kay, P.E., C.P.C**  
Southern Illinois University Edwardsville  
Edwardsville, Illinois

## Abstract

All women, including non-minority women, were presumed to be a “disadvantaged” group by USDOT in the 1987 Surface Transportation Uniform Relocation Assistance Act (STURAA). STURAA stated that, “women shall be presumed to be socially and economically disadvantaged individuals for purposes of this subsection,” which applied to highway and transit contracting. The question of what factors may limit the ability of non-minority women-owned firms in transportation construction to compete for business has not been well studied. This preliminary study uses qualitative research methods to examine the experience of two non-minority women business owners in transportation contracting to begin to identify some of these factors.

**Keywords:** highway construction, disadvantaged business enterprise, women-owned business

## Introduction

In the early 1980s, the U.S. Department of Transportation began special programs to assist minority-owned businesses to compete for federally funded transportation projects. The Minority Business Enterprise (MBE) program required that, unless otherwise directed by the Secretary of Transportation, 10% of federal aid transportation funds be expended with black-owned firms. Other ethnic minorities as defined by the Small Business Administration were soon made eligible for MBE status. However, in the 1987 re-authorization of the federal aid transportation bill, the Surface Transportation Uniform Relocation Assistance Act (STURAA), all women--51% of the population--were added to the list of eligible “minorities,” and the name of the program was changed to Disadvantaged Business Enterprise (DBE). Within 10 years of their addition to DBE status, women represented the largest “minority” group in the 1997 Economic Census of Minority- and Women-Owned Business, leading blacks and all other identified minority groups in the number of firms, total sales, payroll, and total number of employees (<http://www.census.gov/epcd/mwb97/us/us.html>, accessed 4/23/2004). Out of 64,000 firms in heavy/highway construction, nearly 10% (6,123) were women-owned, compared to 2% (1,305) owned by blacks, and much smaller shares owned by other ethnic minorities. In the much larger building construction sector, women owned nearly 29,000 of the 472,000 firms nationwide (about 6%), while blacks owned only 8,159, or less than 2%.

The U.S. Department of Transportation believes that, in spite of the apparent strides made by women business owners, the DBE program is still needed. In 1999, the USDOT Office of Small and Disadvantaged Business Utilization published this message:

While the nation has made great strides toward equal opportunity, much remains to be done. This is especially true in the transportation construction industry. While minorities represent more than 20% of the population, they own only 9% of the construction firms and receive only 5% of all construction receipts. While women represent over 50% of the population, they earn only 48 cents of every dollar we would expect them to receive given their availability in the marketplace. The DBE program works to remedy these inequalities. Moreover, we know that when affirmative action programs like the DBE program are curtailed or eliminated at the state or local level, participation by women and minority owned firms plummets. The bottom line is this: the DBE program is still needed today to remedy this discrimination.

(<http://osdbuweb.dot.gov/business/dbe/Fact.html><http://osdbuweb.dot.gov/business/dbe/Fact.html> accessed July 21, 2003).

While women have made inroads into the construction sector in labor, management, and in supporting services such as material suppliers and consultants, the program and its requirements have presented problems for contractors, and created resentment and in some cases, veiled or overt hostility. Anecdotes of fraud and abuse of the DBE program, instances of inexperienced DBE contractors causing problems on jobs, and the additional paperwork required to comply with the program are commonplace among contractors.

What do the women feel about being labeled a "socially and economically disadvantaged" individuals? Does the existence of the DBE program draw women into a business for which they are not suited or qualified to compete? Do non-minority women have unique social and economic disadvantages? This research begins to answer these questions through the use of qualitative research methods.

### **Review of Literature and Problem Statement**

A review of the literature on discrimination, minority and disadvantaged business enterprises, entrepreneurship, and affirmative action was conducted during the 2003-04 academic year. The literature on discrimination in construction contracting most often focuses on blacks in America, with women mentioned in passing if at all (Glover, 1977, Bates, 1985, 1990, Bates and Williams, 1996, Butler, 1991, Sundstrom, 1994, Wainwright, 1997). Conversely, works on sex discrimination rarely mention construction (exceptions include Bagihole, 2002 and Eisenberg, 1998). Few studies have looked at the field of transportation construction alone (Lunn and Perry, 1982, Wainwright, 2004), even though there are significant differences between the building construction and heavy/highway sectors that may limit competition for highway construction dollars to marginal bid items with lower dollar value. In most studies,

aggregate data is analyzed using quantitative methods to show disparity between the availability and the utilization of DBE firms, and, by holding constant factors such as level of education, age of business, and other variables, the remaining disparity is credited to discrimination. This type of study, which has been refined in numerous studies since the landmark Supreme Court case *City of Richmond v J.A. Croson* in 1989, is powerful in showing factors that may be correlated with disparity, but quantitative research does little to illuminate the perspective of the people who are part of the DBE phenomenon.

This research, therefore, began the task of telling the story of DBEs, of describing the world in which they live and work. From the perspective of non-minority contractors, the DBE program may be a headache, an unfair advantage to unqualified upstarts, or a long overdue overture to under-represented individuals. This research asks, "What is the perspective of those individuals on being a DBE?"

### **Methodology**

The type of data required to answer the research questions is qualitative, rather than quantitative. Counting the number of DBE firms working in highway construction, even seeing upward trends in that number over time, would do little to shed light on what motivated those business owners to enter highway construction, what experiences they had that encouraged or discouraged their entry, how they feel their day-to-day experiences differ from those of non-DBE business owners, and what their long-term aspirations for their business might be. Qualitative research methods, which study the "meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things," can better capture meaning that cannot be expressed by numbers (Berg, 2004, 3). Qualitative researchers, rather than attempting to remain aloof from the human subjects of their research, as in classical experiment design, often enter the world those subjects inhabit and describe it from the inside out, rather than from outside looking in. Scientific rigor is maintained through methods such as triangulation (use of multiple sources and/or methods to examine data) and external reviews (validation of findings by interviewees or other researchers).

In order to describe the world of the DBE, the research triangulated between archival sources of information, such as newsletters, websites, and magazines targeted to women in construction; participant observation of meetings of professional and trade groups in which women contractors and engineering consultants participated; and personal interviews of non-minority women DBEs who do business with either the Illinois or Missouri Department of Transportation (IDOT or MoDOT, respectively).

The review of archival information included an examination of the National Association of Women in Construction (NAWIC) newsletter archive for the years 1999-2004, the websites of NAWIC and links from its website including the National Society of Professional Engineers (NSPE), U.S. Army Corps of Engineers, Associated General Contractors (AGC), U.S. Department of Labor, Women Build (Habitat for Humanity), and the Women's Business Enterprise Council. Print media reviewed included the

magazines *Woman Engineer*, *Minority Engineer*, *Constructor*, an AGC publication, and *St. Louis Commerce*, which had run an article on one of the interviewees. The researcher participated in a number of meetings of professional and trade groups and observed the roles and interactions of women contractors in the meetings, including the annual meeting of the Illinois Asphalt Pavement Association (IAPA), the annual Rotary Club of St. Louis recognition of National Engineers' Week, the annual Joint Society Meeting at the Engineers' Club of St. Louis, and the annual awards banquet of the Associated General Contractors in St. Louis. Lastly, interviews were conducted with two non-minority business owners, one an engineering consultant doing business in Illinois and the other a subcontractor in Missouri. The interviews were conducted using the following broad questions as a guide:

1. How did you get your start in this business?
2. Does your business have DBE status with (IDOT/MoDOT)?
3. What was involved in obtaining that certification?
4. What is the effect of DBE status for your business?
5. How much business background did you have when you started?
6. How much technical experience did you have?
7. Had you ever managed people before?
8. What is your educational background?
9. How did you obtain your first client?
10. How do you make your most effective business contacts?
11. What social organizations do you belong to?
12. What publications do you read on a regular basis?
13. Are you involved in community organizations?
14. Are you involved in politics as a way of obtaining work?
15. Where do you want your business to go from here?

The findings from each of these sources and methods were used to find common themes describing the world of non-minority women working as DBEs in construction.

## **Results**

Several themes became apparent from in the literature, the review of archival sources, the participant observation of women in professional meetings, and the interviews: relationships, balance, and disadvantage. Women were portrayed as entering business for many of the same reasons as men—to take control of their lives and time, to have the excitement and challenge of running their own business—but as working harder to overcome their "different-ness" and survive in a male-dominated work environment. Gender differences were emphasized in the archival sources, where the articles and even advertisements portrayed women as outsiders struggling to find a place. Articles in women's publications often discussed the difficulty of finding ways to balance work, family, and community involvement, while the mainstream publication contained only technical articles. The number and character of advertisements in *Woman Engineer* were strikingly different from those in either *Minority Engineer* or *Constructor*. Women participating in the professional and technical society meetings were not often on the

podium or in leadership roles, dressed in brighter clothing, and often stayed in groups with other females.

The two interviewees clearly articulated the themes through their words, which are summarized here.

### **Relationships**

Relationships with clients, colleagues, employees, and family members were both mentioned frequently in the interviews. Both women spoke of networks that had been helpful to them in establishing client bases, getting funding, and getting recognized. These networks most often involved male friends, colleagues, or male-dominated professional and trade organizations. In both interviews, it was very surprising that neither woman mentioned the name of any woman colleagues, competitors, or friends—nearly all the people she mentioned by name were males—and female-oriented associations were not as important in establishing their businesses. Neither woman had a strong support network of women who are their counterparts in the construction business, and largely avoided active membership in women-controlled organizations.

Social relationships were described as a necessary way to develop clients, and both women mentioned golf as a way their male competitors and colleagues use to make important social contacts with potential clients and customers. Neither woman plays golf, but both thought the game was an important source of business contacts that women have a hard time taking advantage of.

### **Balance**

Both interviewees discussed the difficulty of maintaining balance between work and family, between technical and managerial roles, and between professional demeanor and their own personality. Both women felt pressured to maintain balance in their lives with regard to raising children, and cut down their time on the job in order to spend time at home. Both women hold degrees in civil engineering and did not have any training or experience in business administration. When asked how they had learned to run a business, both answered “the hard way.” Neither seemed completely comfortable with managing people, and both often turned to male colleagues (husbands or business partners) to interact with subordinates to get productivity or to get workers to do unpleasant things such as work overtime or attend evening or weekend functions. There was ambivalence toward the increased time they are now spending doing “the business side of running a business” and personnel management as opposed to being in the field or on the drafting board doing the nuts and bolts of design or construction, which both preferred to other aspects of business ownership. Both also expressed the tension that results from being a woman in a man’s world, and having to maintain a constant professional reserve in order to be taken seriously.

## **Disadvantage**

Both firms are certified as DBEs with various agencies in Illinois and Missouri, although neither relies exclusively on DBE work for survival. Although the DBE status gave their firms a way of breaking in to the market, both believe that when minority participation is not required on a project, their firms have been passed over for work they are fully qualified to do. The program has opened doors, but both women expressed frustration at being valued not on the basis of their impressive credentials and proven qualifications, but on the basis of their "minority" status. Both expressed the difficulty of cultivating clients among a predominantly male clientele using socially accepted means such as entertaining, dining, and playing golf together. The owners both also expressed difficulty with the DBE program itself. Paperwork to obtain and maintain DBE certification is no less onerous than it is for non-DBE firms trying to meet minority participation requirements. Both discussed obtrusive and humiliating incidents when they had to prove their competence and operational control of the business to the certifying agencies.

## **Conclusions**

The results of this preliminary study have provided some insights into the world of the non-minority DBE. The resentment and frustration felt by the non-DBE is echoed by the DBE, who, despite educational credentials, work experience, excellent performance records, and even honors and awards by recognized professional and technical societies, are often valued more for filling a requirement for minority participation than for being qualified professionals. There is considerable frustration with the constraints on growing a business when gender differences continue to hamper client relationships, and with the institutional barriers that are erected by the DBE program itself.

Further research to gather data on the experiences and attitudes of a larger sample of the more than 200 women-owned DBE firms in Illinois is being planned. Such investigation will be useful in evaluating the administration of the DBE program for highway construction and engineering consulting, and for mutual understanding of the difficulties that the program creates not only for contractors, but for DBE firms trying to enter the highway construction market.

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